

AMENDED IN ASSEMBLY MAY 24, 2013

AMENDED IN ASSEMBLY APRIL 23, 2013

AMENDED IN ASSEMBLY APRIL 9, 2013

AMENDED IN ASSEMBLY MARCH 21, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

## **ASSEMBLY BILL**

**No. 1295**

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**Introduced by Assembly Member Roger Hernández**

February 22, 2013

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An act to add and repeal Chapter 7.6 (commencing with Section 2831) of Part 2 of Division 1 of the Public Utilities Code, relating to public utilities.

### LEGISLATIVE COUNSEL'S DIGEST

AB 1295, as amended, Roger Hernández. Public utilities: renewable energy: community renewables option.

Under existing law, the Public Utilities Commission has regulatory jurisdiction over public utilities, including electrical corporations, as defined, while local publicly owned electric utilities, as defined, are under the direction of their governing boards. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. Under existing law, the local government renewable energy self-generation program authorizes a local government, as defined, to receive a bill credit, as defined, to be applied to a designated benefiting account for electricity exported to the electrical grid by an eligible renewable generating facility, as defined, and requires the commission to adopt a rate tariff for the benefiting account.

The California Renewables Portfolio Standard Program, referred to as the RPS program, requires a retail seller of electricity, as defined, and local publicly owned electric utilities to purchase specified minimum quantities of electricity products from eligible renewable energy resources, as defined, for specified compliance periods, sufficient to ensure that the procurement of electricity products from eligible renewable energy resources achieves 20% of retail sales for the period January 1, 2011, to December 31, 2013, inclusive, 25% of retail sales by December 31, 2016, and 33% of retail sales by December 31, 2020, and in all subsequent years. The RPS program, consistent with the goals of procuring the least-cost and best-fit eligible renewable energy resources that meet project viability principles, requires that all retail sellers procure a balanced portfolio of electricity products from eligible renewable energy resources, as specified.

This bill would require an electrical corporation to ~~include provisions in its tariff and addenda to a standard contract or allow an electrical generation facility, as defined, to participate in the~~ *provide a community renewables option that would allow the facility to assign the payment by the electrical corporation due to that facility to a subscribing customer, as defined, in the form of a bill credit allowing a subscribing customer's bill be adjusted to reflect the customer's subscription in the output of a community renewables facility.* The bill would require the commission to authorize the tariff ~~for community renewables option~~ by July 1, 2014. The bill would, on and after January 1, 2016, require the commission to evaluate the demand for the community renewables option. If the commission finds that the community renewables option should be discontinued, the bill would make the above provisions inoperative. The bill would authorize a local publicly owned utility to offer a comparable community renewables option. This bill would repeal the provision of the community renewables option on January 1, 2020.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Chapter 7.6 (commencing with Section 2831) is
- 2 added to Part 2 of Division 1 of the Public Utilities Code, to read:

CHAPTER 7.6. COMMUNITY RENEWABLES FACILITY

2831. As used in this article, the following terms mean the following:

(a) “Community renewables facility” means an electric generation facility that has elected to participate in the community renewables option.

(b) “Community renewables option” means the right of an electric generation facility to ~~assign the payment by the electrical corporation due to that facility in accordance with this article to subscribing customers of the electrical corporation in the form of a bill credit~~ *participate in a program that allows a customer to subscribe to the output of an electric generation facility.*

(c) “Electric generation facility” means an electric generation facility located within the service territory of, and developed to sell electricity to, an electrical corporation that meets all of the following criteria:

(1) Has an effective capacity of not more than three megawatts.

(2) Is interconnected and operates in parallel with the electrical transmission and distribution grid.

(3) Is strategically located and interconnected to the electrical transmission and distribution grid in a manner that optimizes the deliverability of electricity generated at the facility to load centers.

(4) Is an eligible renewable energy resource, as defined in Section 399.12.

(5) Meets all the requirements established pursuant to Section 399.20 that are applicable to electric generation facilities.

(d) “Feed-in tariff payment” means the payment that is due to the electric generation facility in accordance with the tariff or standard contract established pursuant to Section 399.20 as described in a monthly total payment.

(e) “Subscribing customer” means a customer of an electrical corporation who has subscribed to the output of a community renewables facility.

(f) “Subscription amount” means the percentage of kilowatthours delivered to an electrical corporation from a community renewables facility to which a subscribing customer has subscribed.

(g) “Unsubscribed output” means the percentage of kilowatthours delivered to an electrical corporation from a

1 community renewables facility to which no subscribing customer  
2 has subscribed.

3 2831.5. A community renewables facility is not an electrical  
4 corporation, as defined in Section 218 or an electric service  
5 provider, as defined in Section 218.3.

6 2832. (a) An electrical corporation shall ~~include provisions in~~  
7 ~~its tariff and an addendum to a standard contract developed~~  
8 ~~pursuant to Section 399.20 to provide for a community renewables~~  
9 ~~option allowing a community renewables facility to assign the~~  
10 ~~payment of electricity, adjusted to remove the value of any~~  
11 ~~renewable attributes if the customer elects to retain the renewable~~  
12 ~~attributes, by the electrical corporation due to that facility to a~~  
13 ~~subscribing customer in the form of a bill credit. that allows a~~  
14 ~~subscribing customer's bill to be adjusted to reflect the customer's~~  
15 ~~subscription.~~

16 ~~(b) The subscribing customer's bill credit shall be calculated as~~  
17 ~~the feed-in tariff payment multiplied by the customer's subscription~~  
18 ~~amount.~~

19 ~~(c)~~

20 (b) In approving the tariff, the commission shall ensure all of  
21 the following:

22 (1) Customers that do not participate in the community  
23 renewables option are indifferent to whether other customers  
24 participate in the community renewables option, and no costs are  
25 shifted from subscribing customers to nonsubscribing customers.

26 (2) An electric generation facility that has executed a standard  
27 contract with an electrical corporation and has begun deliveries  
28 pursuant to the contract may, in its sole discretion, elect to become  
29 a community renewables facility.

30 (3) (A) The community renewables facility is solely responsible  
31 for any and all arrangements, agreements, or disputes with its  
32 subscribing customers concerning the community renewables  
33 option. The community renewables facility shall communicate, in  
34 writing, to the electrical corporation, in a timely manner, to be  
35 specified in the electrical corporation's tariff and contract  
36 ~~addendum described in subdivision (c), but not less than once per~~  
37 ~~year, information necessary for the electrical corporation to make~~  
38 ~~payment under the standard contract and addendum to the standard~~  
39 ~~contract that includes administer the community renewables option~~  
40 ~~that includes, but is not limited to, all of the following:~~

1 (i) The name of each subscribing customer.

2 (ii) The service address and service account number of each  
3 subscribing customer to which a bill-credit *adjustment* should be  
4 applied.

5 (iii) Each subscribing customer's subscription amount.

6 (iv) The unsubscribed output, if any, for which payment should  
7 be made directly to the community renewables facility.

8 (B) The electrical corporation shall not be a party to an  
9 arrangement or agreement between the community renewables  
10 facility and the subscribing customer.

11 ~~(4) The electrical corporation shall continue to bill subscribing~~  
12 ~~customers for all electricity consumed pursuant to each subscribing~~  
13 ~~customer's otherwise applicable tariff. The payments made to a~~  
14 ~~subscribing customer in the form of a bill credit shall be applied~~  
15 ~~to the subscribing customer's monthly bill calculated pursuant to~~  
16 ~~the customer's otherwise applicable tariff.~~

17 ~~(5)~~

18 (4) The electrical corporation shall pay the community  
19 renewables facility for any unsubscribed output by multiplying  
20 the unsubscribed output by the feed-in tariff payment.

21 ~~(6) All electricity purchases by an electrical corporation pursuant~~  
22 ~~to this section~~

23 (5) (A) *Customer subscriptions* shall *not* be credited towards  
24 the electrical corporation's procurement requirements pursuant to  
25 Section 399.15 ~~and~~ *but* shall *continue to* count toward the electrical  
26 corporation's proportionate share of the statewide cap specified  
27 in Section 399.20.

28 (B) *In calculating its procurement requirements pursuant to*  
29 *Section 399.15, an electrical corporation may exclude from the*  
30 *total retail sales the kilowatthours subscribed to by participating*  
31 *customers pursuant to this section.*

32 (6) *Any unsubscribed output from a community renewables*  
33 *generators shall continue to be credited towards the electrical*  
34 *corporation's procurement requirements pursuant to Section*  
35 *399.15 and shall count toward the electrical corporation's*  
36 *proportionate share of the statewide cap specified in Section*  
37 *399.20.*

38 ~~(d)~~

39 (c) No later than July 1, 2014, the commission shall authorize  
40 the tariff for the community renewables option consistent with this

1 section, *including setting a reasonable cap on total megawatts*  
2 *that can be subscribed to under a community renewables program*  
3 *pursuant to this section.*

4 ~~(e)~~

5 (d) Notwithstanding paragraphs (1) and (5) of subdivision (c)  
6 of Section 2831, the commission may allow the renewable  
7 programs adopted by the commission in commission decisions  
8 10-12-048 and 09-06-049 to include a community renewables  
9 option if the community-renewable *renewables* option meets the  
10 requirements of subdivision (c). ~~If the commission elects to~~  
11 ~~establish a community renewables option pursuant to this~~  
12 ~~subdivision, the subscribing customer's monthly bill credit shall~~  
13 ~~be calculated as the amount that would otherwise be paid to the~~  
14 ~~participating renewable generator in accordance with the power~~  
15 ~~purchase contract between the utility and the renewable generator~~  
16 ~~multiplied by the customer's subscription amount, and all All~~  
17 ~~purchases pursuant to this subdivision shall count towards toward~~  
18 ~~the electrical corporation's proportional share of the program's~~  
19 ~~cap.~~

20 ~~(f)~~

21 (e) An electrical corporation shall recover from the community  
22 renewables facility any costs of implementing the community  
23 renewables option reasonably attributable to the community  
24 facility. Any implementation costs not reasonably attributable to  
25 the community renewables facility shall be recovered from the  
26 ratepayers, as determined by the commission.

27 ~~(g)~~

28 (f) If a customer participates in direct transactions pursuant to  
29 paragraph (1) of subdivision (b) of Section 365 or Section 365.1,  
30 the electrical corporation that provides distribution service for the  
31 customer is not obligated to allow that customer to participate in  
32 a community renewables option.

33 ~~(h) On or before July 1, 2015, an energy service provider or~~  
34 ~~community choice aggregator shall offer a comparable community~~  
35 ~~renewables option of eligible renewable energy resources as~~  
36 ~~defined in Section 399.12 in accordance with the procurement~~  
37 ~~practices of that load-serving entity. The commission shall review~~  
38 ~~and approve the community renewables option proposed by the~~  
39 ~~load-serving entity to ensure that it is comparable to the~~  
40 ~~requirements specified in subdivision (e).~~

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2     (g) (1) On and after January 1, 2016, the commission shall  
3 evaluate the demand for the community renewables option and  
4 consider whether to continue offering a community renewables  
5 option.

6     (2) If the commission determines that the community renewables  
7 option should terminate, the commission shall issue an order to  
8 that effect and deliver a copy of the order to the Secretary of State.  
9 The section shall become inoperative on the effective date of the  
10 order.

11     2832.5. A local publicly owned electric utility required to  
12 comply with Section 399.32 may offer a comparable community  
13 renewables option for an electric generation facility as defined in  
14 Section 399.32.

15     2833. This chapter shall remain in effect only until January 1,  
16 2020, and as of that date is repealed, unless a later enacted statute,  
17 that is enacted before January 1, 2020, deletes or extends that date.

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